GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4201
ANSWERED ON:15.12.2000
UTILISATION OF FUNDS BY STATES
BHARTRUHARI MAHTAB;PRABHUNATH SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have decided to maintain strict vigilance on the States to ensure proper utilisation of Central funds in the development schemes;

(b) if so, whether the Government have received reports from various States about the misuse of funds or under utilisation of Central funds particularly from Bihar and Orissa;

(c) if so, the States which have not fully utilised the Central funds and have misused them; and

(d) the action Government propose to take to check this underutilisation and misuse of Central funds?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (d): Ministry of Finance releases Central Assistance for State plans as block loans and block grants to States which are not tied to any specific sector/scheme. This assistance is released, based on the expenditure statements furnished by the State Governments to the Government of India. In case of shortfall in plan expenditure as against the approved outlay, a proportionate cut is made from the central assistance. For proper utilisation of funds so released, the State Governments are accountable to their State Legislatures through the Audit Reports prepared by the C&AG of India.

In addition to the central assistance for State plan, central funds are also released to the States for implementation of Centrally Sponsored Schemes by various Central Ministries. Utilisation of these funds is monitored by the respective Central Ministries as per the relevant guidelines and utilisation reported by the States to them. All the CSS fund released to States are also subject to audit of C&AG. Any diversion/misuse/under utilisation of funds are pointed out in the Audit Reports of C&AG on the accounts of Union Government in the Central Audit Reports which are considered by the PAC of Parliament.